



# Penrith Town Council

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## INTERNAL CONTROL OF FINANCE

### GENERAL

The Council's Responsible Finance Officer (RFO) is responsible for the financial administration of the Council and for formulating secure policies and procedures.

### PROCEDURES

#### BANK ACCOUNT SIGNATORIES

1. Signatories to each of the Council's bank accounts must be resolved at the Annual Town Council meeting and duly minuted.
2. Wherever possible the signatories must be all the members of the Council's Finance Committee to promote business continuity and to spread the risk of fraud.
3. The signatory application process must be overseen by the RFO and comply with the bank's individuals' protocols.
4. All Councillors will provide personal details required by the bank's application process and two references.
5. All Councillors will provide personal details required by the external accounts.
6. The external accountants will be authorised as bank account signatories for the purpose of electronic bank transfers and management of the bank account.
7. The RFO will ensure all applications are completed fully and copies kept for reference.

## **PAYMENTS**

- 8.** All invoices that are not disputed will be made within 30 days of the invoice date.
- 9.** The Town Clerk/Services & Contracts Officer and in their absence the Deputy Town Clerk, will collate and number all invoices and check each invoice for accuracy. When satisfied that the invoices are correct due for payment, relevant details are recorded on a schedule, which is then sent to the external accountants with copy invoices and supporting documentation.
- 10.** The Town Clerk/Services & Contracts Officer will submit details of new suppliers to the external accountants so that they can be set up on the electronic banking system.
- 11.** The external accountants will check the invoices and the schedule, pay the suppliers and record the details in the Council's accounting system.
- 12.** In conjunction with the external accountants, the RFO will compile a report of payments made each month, extracted from the accounting system, for submission to the Finance Committee for approval. The schedule will be sent to all Councillors, together with an electronic copy of each invoice.
- 13.** The Finance Committee will formally consider and approve the report of invoice payments made, recording their approval in the meeting's minutes.
- 14.** On a weekly basis, the Services and Contracts Manager, as part of the weekly payment run, will update a schedule when the corporate debit card has been used that week. The purchase receipt will be filed and the updated record sent to the external accountants for processing. The debit card transactions will further be verified to the bank statement.
- 15.** The master schedule showing each debit card transaction will be made available to Members of the Finance Committee as required or to complement the Payments Approval process.

## **AUTHORISATION**

- 16.** Wherever possible, payments are made by electronic bank transfer, processed by the external accountants.

Where a cheque has to be raised, the cheque is signed by two Councillors and the cheque stub countersigned.

## **RECORD KEEPING**

- 17.** All financial records and the accounting system are secured at the external accountants' office.
- 18.** Bank account Standing Orders and Direct Debits may be set up for regular payments. An annual minuted resolution is required with a mandate signed by two Councillor signatories.
- 19.** The external accountants will provide financial information as required by the RFO, including that needed to make and record monthly payments and quarterly budgetary control reports to the Finance Committee.
- 20.** Approval of the reports will be recorded in the minutes and taken forward to the Full Council.
- 21.** The external accounts will produce regular bank reconciliations, not less than monthly, which will be provided to the RFO.
- 22.** At each meeting of the Finance Committee, the most recent monthly bank reconciliation, supported by the appropriate bank statement, will be reviewed by two members of the Committee, neither of whom is the Chairman of the Council, who must countersign both documents. The review will be recorded in the Committee's minutes.

## **ACCOUNTABILITY & TRANSPARENCY**

- 23.** All Councillors have their own copy of Local Council Governance and Accountability for Smaller Authorities – A Practitioners Guide March 2018, which represents statutory proper practice in these areas. The Guide is issued by the Joint Panel on Accounting Guidance (JPAG), and jointly published by the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities.
- 24.** The Town Council will ensure that there is a sound system of internal control and effective arrangements for the management of risk and will:
  - i. Undertake an effective internal audit
  - ii. Review the effectiveness of the system of internal control annually
  - iii. Prepare an Annual Governance and Accounts Return (AGAR), to be approved at a Full Council meeting by 30 June following the end of the financial year.

- 25.** The RFO will make provision for electors to exercise their statutory rights to inspect the accounts and the underlying records and to make objections to the external auditor, including the following:
- The RFO must publish the unaudited AGAR (and this must include publication on a freely accessible website) together with a statement that the Annual Return as published may be subject to change.
  - The RFO will set the inspection period, which must be a period of 30 consecutive working days, including the first ten working days in July, and publish the availability of the Accounts for inspection.
  - Electors' objections to the external auditor must be made during, not after, the inspection period.
- 26.** Recommendations from the internal auditor or external auditor will be considered initially by the Council's Finance Committee, which will make recommendations to Full Council.
- 27.** The Council will comply with all requirements of the Local Government Transparency Code, including the publication of all payments on its website.
- 28.** All members of the Finance Committee are offered training in Local Council Finance.

**APPROVED:**  
**REVIEWED:**  
**APPROVED:**  
**Reviewed annually**

**May 2016**  
**September 2018**  
**September 2018**